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CIA/RR CB 65-79
December 1965

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INTELLIGENCE BRIEF

USSR TURNS TO FREE WORLD
FOR HIGH-CAPACITY
TELECOMMUNICATIONS EQUIPMENT

DIRECTORATE OF INTELLIGENCE
Office of Research and Reports

SECRET

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USSR TURNS TO FREE WORLD
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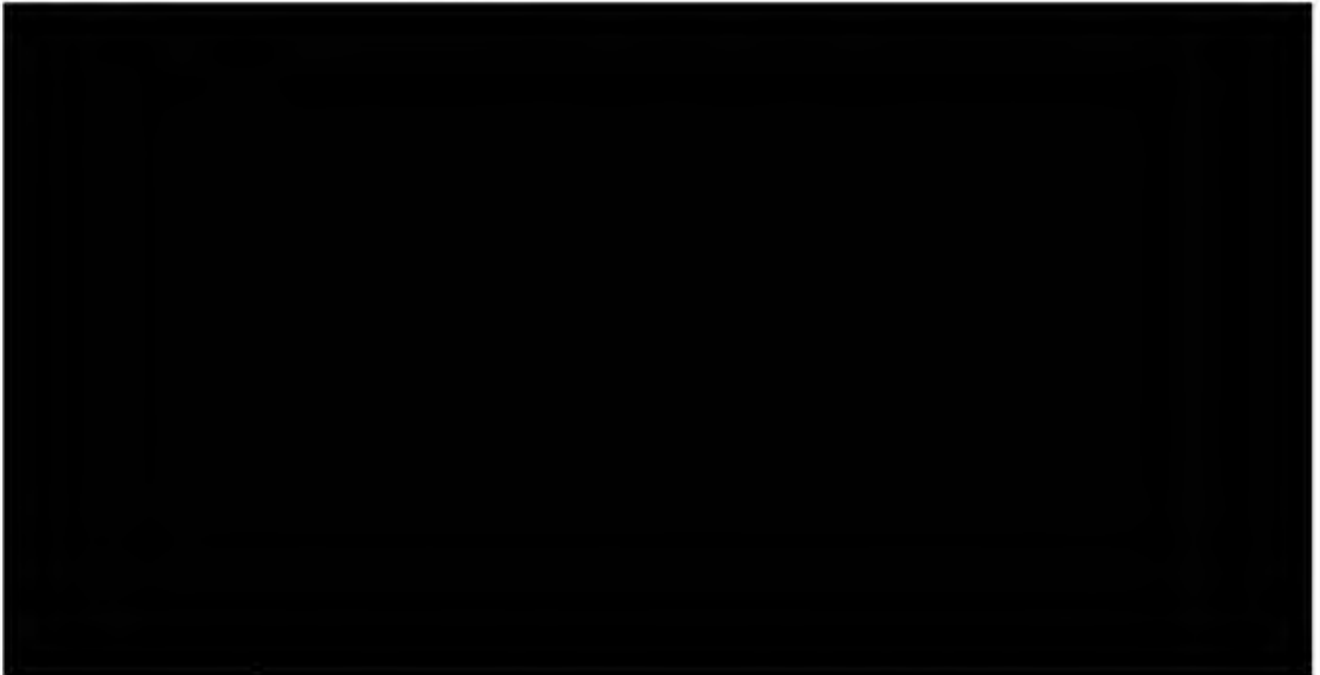
Summary

The USSR for the first time is trying to procure high-capacity telecommunications systems from firms in the Free World. These efforts to benefit from superior Free World technology reflect the failure of the USSR to produce enough first-class telecommunications equipment. In addition, several Eastern European Communist countries, which already had been importing Western equipment and technology, now have stepped up the pace of their orders. The success of these new Communist efforts to use Free World sources for high-quality telecommunications equipment depends on a relaxation of COCOM embargo restrictions that are enforced by all NATO countries and Japan.

* The estimates and conclusions in this brief represent the best judgment of this Office as of 30 December 1965.

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1. Recent Developments



Attempts to purchase advanced telecommunications technology from the Free World represent an abrupt change in Soviet policy. Eastern European Communist countries, however, have turned to Western sources of supply for relatively small quantities of high-quality telecommunications equipment on numerous occasions during the last 10 years; this trend has accelerated in recent months, and large-scale orders for telecommunications systems are now reaching Free World firms.

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2. Implications

Traditionally, the Soviet leadership has been willing to tolerate chronic shortages of communications equipment as long as essential

25X6 services were available to military and other high-priority governmental users. [REDACTED] the USSR had never turned to the Free World directly for high-capacity telecommunications systems. It had attempted instead to foster the belief, both at home and abroad, that its needs for such equipment could and would be met from domestic production. The recent Soviet efforts to procure high-capacity equipment [REDACTED] however, reveal the pressing need for such systems in the USSR and are a clear indication that domestic production facilities have failed to meet burgeoning requirements.

25X6 Development of high-capacity telecommunications systems has been underway in the USSR for almost 10 years, but the Soviet authorities appear unable or unwilling to allocate the human and material resources necessary to transform laboratory achievements into series-produced hardware. Soviet plants are presently keyed to the production of 60-channel systems, and even these are in extremely short supply. Higher capacity telephone carrier systems have reportedly been developed experimentally but are not operationally deployed anywhere in the USSR. In some instances the Soviet technicians have been able to derive 120 or more telephone channels on a particular line by stacking 60-channel carrier systems, but this technique has serious technical and economic drawbacks.

Although the USSR was able to avoid full disclosure of its domestic production problems by remaining aloof from Free World sources of supply, chronic shortages of telephone carrier equipment quite evidently were hampering Soviet telecommunications development. These shortages have impeded development in the Eastern European Communist countries as well because the USSR has not carried out its commitments to meet their requirements for high-capacity carrier equipment.* The Eastern European countries now seeking large-scale deliveries of Free World equipment -- Rumania, Hungary, and Poland -- all have built expensive radio relay or cable transmission lines in the expectation that Soviet plants or their own production facilities would supply the related carrier-frequency multiplexing equipment. Not only has this multiplexing equipment failed to materialize, but also there is apparent dissatisfaction in Eastern Europe with Soviet transmission equipment that has been installed.

* For additional details, see CIA/RR ER 65-8, Status of Communications Carrier Systems in the Soviet Bloc, April 1965, SECRET.

The character and magnitude of the requests for imports now coming from the Eastern European Communist countries apparently reflect a basic decision to rely heavily on technically advanced equipment from the Free World. This equipment would be used to implement telecommunications plans developed early in 1957 in conjunction with the USSR. Although the extent of the Soviet commitment to such a policy is not as yet clear, repeated production failures probably are creating increased pressures for imports. Any large-scale shift to Free World sources of supply by the USSR or Eastern Europe, however, is contingent on a relaxation of embargo restrictions now placed on high-capacity telecommunications equipment by the NATO countries and Japan. Significantly, all the specific new orders that are mentioned above fall within current COCOM restrictions.

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Analyst:

Coord:



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10 January 1966

MEMORANDUM FOR: Chief, Dissemination Control Branch, DD/CR
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209	Department of Commerce, Mr. Charles F. Boehm, CID/BIC, Room 6031, Main Commerce Attn: Mr. Sherman Abrahamson Deputy Director, Office of Export Control Room 1010 1201 - E Street

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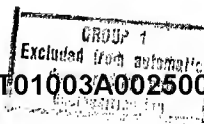


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